

**COMMITTEE ON GOVERNMENT REFORM**  
**SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE, AND ACCOUNTABILITY**  
*TODD RUSSELL PLATTS, CHAIRMAN*



**OVERSIGHT HEARING:**

***U.S. Fiscal Outlook and The FY 2005 Governmentwide Financial Statements***

*Wednesday, March 1, 2006, 2:00 PM*  
*2247 Rayburn House Office Building*

---

***OPENING STATEMENT OF CHAIRMAN PLATTS***

---

The *2005 Financial Report of the United States Government* and accompanying audit completed by the Government Accountability Office was released on December 15, 2005. This marks the ninth year that the Department of the Treasury has published the report in its current form. Again, this year the report shows fundamental weaknesses in the Departments of Defense and Homeland Security, problems with financial systems, and an inability to reconcile exchanges between agencies.

Today, in addition to focusing on these continuing weaknesses, the Subcommittee hopes to explore how the information in the 2005 Financial Report can be used to inform the annual budget debate and spending decisions made by Congress and the President. One of the concerns that led to the passage of the CFO Act was that reporting at the time did not accurately disclose the current and probable future cost of operating and investment decisions. The authors of the CFO Act and the Government Management Reform Act envisioned the Financial Report as a tool for analyzing long-term obligations and spending revenue trends. I would like to see us move more in that direction.

Perhaps the most important benefit of the audit process is learning how to correct systematic weaknesses. We have seen improvement since the initiation of the government-wide audit in 1997. However, we won't benefit from the full value of this report until we can be assured that the reporting information is accurate and GAO can issue a clean opinion. The Government Reform Committee has a responsibility to support sound financial management through proper oversight, and this hearing is an important part of that ongoing effort.

Our witnesses today will provide the Subcommittee with insight on the audit findings of the consolidated financial statements and discuss how the numbers in the report affect our fiscal future. We are pleased to have The Honorable David M. Walker, Comptroller General of the United States, and Donald V. Hammond, Fiscal Assistant Secretary at the Department of Treasury. I look forward to the testimony of each of our witnesses.